

## Message Text

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14-12

ORIGIN EB-01

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DRAFTED BY: EB/TT/MA:SVSMITH

APPROVED BY: EB/TT/MA:RKBANK

EA/ANP:HLANGE (INFO)

----- 004460

R 141919Z APR 75

FM SECSTATE WASHDC

TO AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY THE HAGUE

AMEMBASSY HELSINKI

AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBASSY ROME

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FOLLOWING REPEATS CANBERRA 1170 ACTION DEPT INFO ATHENS BONN  
BRISBANE EC BRUSSELS MELBOURNE MONROVIA OECD PARIS OSLO PANAMA  
PERTH STOCKHOLM SYDNEY TOKYO WELLINGTON FEB 21ST

QUOTE

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E.O. 11652: N/A

TAGS: EWWT, ENRG, AS

SUBJ: GOA REQUIREMENT FOR 40 PERCENT OF  
OIL IMPORTS IN AUSTRALIAN TANKERS

REF: (A) STATE 24492; (B) CANBERRA 497 NOTAL; (C) CANBERRA 360  
NOTAL; (D) CANBERRA A-011 NOTAL

1. SUMMARY: NO ADDITIONAL LEGISLATION PLANNED FOR  
NEW GOA TANKER POLICY. CONFLICT WITH TRADE PRACTICES  
LAW STILL UNRESOLVED, AND OTHER POLICY DETAILS STILL  
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TO BE WORKED OUT. NO OTHER EMBASSIES CONTACTED HAVE

COMPLAINED TO GOA, BUT SOME MAY EVENTUALLY DO SO.  
EMBASSY RECOMMENDS USG MAKE REPRESENTATION TO REGISTER  
COMPLAINT. ACTION REQUESTED: DEPARTMENT'S ASSESSMENT  
OF WHETHER POLICY CONFLICTS WITH INVISIBLES CODE;  
CRITERIA USED BY OTHER COUNTRIES TO DETERMINE ELIGIBILITY  
OF SHIPS TO HAUL RESERVED CARGO; AND INDICATION OF  
WHETHER AND HOW USG REPRESENTATION MIGHT BE MADE.  
END SUMMARY.

2. EMBASSY OFFICER HAS DISCUSSED NEW GOA TANKER POLICY  
WITH SMITH, ASSISTANT SECRETARY, DEPT. OF TRANSPORT (DOT),  
CANBERRA. SMITH STATED THAT NO RPT NO LEGISLATION IS  
CONTEMPLATED OR REQUIRED (REF A, PARA 2) TO IMPLEMENT  
MINISTER JONES' OBJECTIVE OF RESERVING 40 PERCENT OF  
PETROLEUM AND REFINERY FEEDSTOCK IMPORTS FOR "AUSTRALIAN  
REGISTERED AND MANNED SHIPS OPERATED IN AUSTRALIAN-OWNED  
SHIPPING COMPANIES," WITH PRIVATE COMPANIES AND  
GOVERNMENT'S ANL SHARING THIS BUSINESS 50-50.  
IMPLEMENTATION IS "MATTER OF PERSUASION," ACCORDING  
TO SMITH, WHO ALSO CONCEDED THAT MANY DETAILS OF  
POLICY ARE YET TO BE WORKED OUT. (ONE SUCH "DETAIL"  
IS WHETHER POLICY REQUIREMENTS WOULD BE SATISFIED BY  
"BAREBOAT" CHARTERS OF FOREIGN-OWNED VESSELS BY  
AUSTRALIAN FIRMS, WHICH WOULD THEN MAN SHIPS WITH LOCAL  
CREWS BUT CANNOT LEGALLY REGISTER THEM UNDER AUST. FLAG.  
IN ANY CASE, SMITH DOUBTS THAT AUSSIE CREWMEN WOULD EVER  
AGREE TO SERVE ON FOREIGN FLAG VESSEL UNDER ANY FORESEEABLE  
CIRCUMSTANCE.) SMITH ALSO CONFIRMED RECENT PRESS REPORTS  
THAT JONES' PROPOSAL THAT SHIPPING COMPANIES GET  
TOGETHER AND DRAW UP COMMON PROPOSITION FOR ACHIEVING  
HIS 40 PERCENT OBJECTIVE DOES RUN AFOUL OF GOA'S NEW  
TRADE PRACTICES LAW. THIS LEGAL PROBLEM IS FAR FROM  
RESOLVED, AND ATTORNEY-GENERAL'S DEPT. AND DOT ARE  
STILL CONSIDERING WAYS TO GET AROUND IT, WHILE COMPANIES  
SAY THEY WILL NOT GET TOGETHER UNTIL SOLUTION IS WORKED  
OUT. SMITH EMPHASIZED HE DOES NOT THINK THIS PROBLEM  
WILL DELAY JONES' TIMETABLE FOR IMPLEMENTATION BY END  
OF 1976.

3. EMBASSY HAS ALSO QUERIED OTHER MISSIONS CONCERNED  
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(BRITISH, NORWEGIAN, SWEDISH, WEST GERMAN, GREEK AND  
JAPANESE) TO ASCERTAIN WHETHER THEY FEEL THEIR INTERESTS  
ARE AFFECTED BY NEW POLICY AND WHETHER THEY HAVE VOICED  
COMPLAINT TO GOA (REF A, PARA 2). GREEK CHARGE COULD  
MAKE NO COMMENT AND ASKED FOR SEVERAL DAYS TO CHECK OUT  
SITUATION. JAPANESE SHEEPISHLY ADMITTED GOJ IN "WEAK  
POSITION" (I.E. JAPAN ALREADY RESERVES EVEN MORE THAN  
AUSSIES PROPOSE TO RESERVE) AND WILL NOT COMPLAIN.

CONSENSUS EXPRESSED BY OTHER FOUR IS THAT THEIR GOVERNMENTS ARE ALL CONCERNED BUT HAVE NOT YET COMPLAINED, ALTHOUGH THIS REMAINS POSSIBILITY. ALL AGREED THAT NEW POLICY WOULD PROBABLY CONTRAVENE OECD INVISIBLES CODE. ONE REASON FOR LACK OF ACTION IS UNANIMOUS SKEPTICISM THAT POLICY ACTUALLY WILL BE IMPLEMENTED BY END OF 1976 BECAUSE OF HIGH COST TO GOA, INDUSTRY AND CONSUMERS.

4. FOLLOWING RECEIPT REF A, EMBOFF DISCUSSED SITUATION WITH JOHNSON, CALTEX AUSTRALIAN CHAIRMAN. HOHNSON RECOGNIZED USG MUST OPPOSE POLICY IN PRINCIPLE BUT STATED HIS IMMEDIATE OBJECTIVE IS NOT TO HAVE POLICY RESCINDED BUT TO HAVE CALTEX INCLUDED ON GOA'S LIST OF AUST. FIRMS ELIGIBLE TO SHIP THE RESERVED 40 PERCENT. JOHNSON CONCEDED HIS PROSPECTS LOOK VERY DIM, BUT HE DOES NOT SEEK EMBASSY INTERVENTION ON THIS POINT.

5. EMBASSY COMMENT: AS MATTER OF PRINCIPLE, EMBASSY BELIEVES WE SHOULD MAKE A LOW-KEY REPRESENTATION TO GOA DRAWING ON REF (A) PARAS 3 AND 4, TO REGISTER COMPLAINT ABOUT NEW POLICY. IT IS DIFFICULT TO ASSESS DEGREE OF DISADVANTAGE US FIRMS WILL SUFFER IF POLICY IS IMPLEMENTED, SINCE PRESENT OIL IMPORTS ARE CARRIED IN AN EVER-CHANGING MIX OF OIL COMPANY-OWNED VESSELS AND FLAGS OF CONVENIENCE TANKERS. NEVERTHELESS, TOTAL U.S. SILENCE AT THIS STAGE MIGHT ENCOURAGE ADDITIONAL GOA RESTRICTIVE SHIPPLING POLICIESBMM RECENTLY GOA HAS BECOME INCREASINGLY PROTECTIONIST IN TRADE AND INVESTMENT AREAS. IF NEW TANKER POLICY DOES CONTRAVENE GOA OBLIGATIONS UNDER OECD INVISIBLES CODE, EMBASSY BELIEVES IT IS IMPORTANT THAT USG BE CLEARLY ON RECORD AS HAVING EXPRESSED THIS VIEW TO GOA.  
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6. ACTION REQUESTED: EMBASSY WOULD APPRECIATE:  
(A) HAVING DEPARTMENT'S ASSISSMENT OF WHETHER NEW GOA TANKER POLICY CONFLICTS WITH INVISIBLES CODE; (B) KNOWING CRITERIA E.G. FLAG ONLY OR FLAG PLUS NATIONALITY OF SHIP OWNERS USED BY COUNTRIES LISTED IN REF (A) PARA 5 TO DETERMINE ELIGIBILITY OF SHIPS TO PARTICIPATE IN RESERVED CARGO TRADE; AND (C) HAVING INDICATION OF WHETHER AND HOW DEPARTMENT MIGHT WANT TO MAKE REPRESENTATION TO GOA ON THIS MATTER.  
HARROP  
UNQUOTE KISSINGER

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## Message Attributes

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**Copy:** SINGLE  
**Draft Date:** 14 APR 1975  
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**To:** BRUSSELS MULTIPLE  
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